

Message Text

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ACTION EB-07

INFO OCT-01 AF-06 ISO-00 AID-05 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 AGR-05 H-02 L-03 /059 W

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R 271347Z JUN 75

FM AMEMBASSY MBABANE

TO SECSTATE WASHDC 8181

INFO AMEMBASSY PRETORIA

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E.O. 11652: N/A

TAGS: ETRD, EAGR, WZ

SUBJECT: INFORMATION FOR HOUSE OF REPRESENTATIVES

SUGAR HEARINGS -- SWAZILAND

REF: STATE 141876

FOLLOWING IS INFO REQUESTED ON SUGAR IN SWAZILAND, KEYED
TO QUESTIONS A-H, PARA 2, REFTEL.

A. APPROXIMATELY 8 CENTS PER POUND.

B. ABOUT 13 CENTS PER POUND, DEPENDING ON LOCATION.

C. AVERAGE IN ALL MAKRETS WAS ABOUT 20 CENTS PER POUND.

D. RAW SUGAR PRODUCTION BY EXISTING INDUSTRY IS LIKELY
TO BE ABOUT 200,000 METRIC TONS IN 1975 AND WILL LEVEL
OFF AT ABOUT 220,000 MT IN 1977. IF THIRD SUGAR AREA IS
STARTED THIS YEAR, IT SHOULD BEGIN PRODUCING IN 1978 AND
INCREASE SWAZILAND'S TOTAL RAW SUGAR PRODUCTION TO ABOUT
320,000 MT BY 1980.

E. TATE & LYLE (U.K.) HAS JUST PRESENTED GOS WITH REPORT
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RECOMMENDING THAT WORK BEGIN IMMEDIATELY ON A THIRD SUGAR AREA,

TO INCLUDE AN IRRIGATION DAM AND A THIRD SUGAR MILL. THE NEW MILL WOULD HAVE A CAPACITY OF 100,000 MT PER ANNUM.

F. DOMESTIC GROWTH RATE OF CONSUMPTION IN 1975 WAS ABOUT 20 PERCENT OVER 1974 BECAUSE OF SPECIAL FACTORS; DOMESTIC GROWTH RATE FOR THE REMAINDER OF THIS DECADE IS LIKELY TO BE ABOUT 10 PERCENT PER ANNUM.

G. SWAZILAND HAS AGREED TO SELL EEC 116,400 MT OF RAW SUGAR PER YEAR FOR AN INDEFINITE PERIOD. PRICE TO BE NEGOTIATED ANNUALLY WITH A GUARANTEED MINIMUM NEAR EEC INTERVENTION PRICE. INDUSTRY WOULD WELCOME SIMILAR LONG-TERM AGREEMENTS WITH U.S. AND CANADA.

H. GOS DOES NOT INTERVENE IN PRODUCTION, DOMESTIC MARKETING OR PRICING OF SUGAR. HOWEVER, GOS DOES AFFECT INDUSTRY PROFITS BY IMPOSING A 50 PERCENT TAX ON INCOME FROM EXPORT SALES ABOVE A BASE FIGURE (CURRENTLY \$132, ABOUT \$195 PER MT). GOS ALSO NEGOTIATED AGREEMENT WITH EEC DESCRIBED ABOVE, WITH ADVICE AND CONCURRENCE OF PRIVATE SUGAR INDUSTRY. LANE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SUGAR, TRADE LAW, LEGISLATIVE BILLS
Control Number: n/a
Copy: SINGLE
Draft Date: 27 JUN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975MBABAN01067
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750224-0321
From: MBABANE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750610/aaaaaie.tel
Line Count: 82
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE 141876
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 28 AUG 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28 AUG 2003 by ShawDG>; APPROVED <17 DEC 2003 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: INFORMATION FOR HOUSE OF REPRESENTATIVES SUGAR HEARINGS -- SWAZILAND
TAGS: ETRD, EAGR, WZ
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006